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東北電氣發展股份有限公司

NEE NORTHEAST ELECTRIC DEVELOPMENT CO.,LTD.

(a joint stock limited Company incorporated in the People's Republic of China with limited liability)

(Stock Code:00042)

Announcement of Connected Transaction on Accepting Financial Assistance

Signing these contracts

The Board of Directors (the “**Board**”) of the Northeast Electric Development Company Limited (the “**Company**”) is pleased to announce that with a view of satisfying the operation needs of the Company and Hainan Garden Lane Flight Hotel Management Co., Ltd. (the “**Garden Lane Hotel**”), an indirect non-wholly-owned subsidiary of the Company, entered into Loan Contract and Equity Pledge Contract (collectively referred to as “**These Contracts**”) with Beijing Haihongyuan Investment Management Co., Ltd.*(北京海鴻源投資管理有限公司) (the “**Beijing Haihongyuan** ”) on 18 November 2022 .

According to these contracts, Beijing Haihongyuan intends to lend the Company a loan (principal) of no more than RMB2.4 million (equivalent to about HK\$2.6 million). Meanwhile, as a credit enhancement measure, Garden Lane Flight is pledged by holding 10.5% equity of HNA Tianjin Center Development Co., Ltd. * (海航天津中心發展有限公司) (the “**Tianjin Center**”, the “**Target Company I**”) and 30% equity of Chongqing HNA Hotel Investment Co., Ltd. * (重慶海航酒店投資有限公司) (the “**Chongqing Hotel**”, the “**Target Company II**”) (collectively referred to as “**Two minority equity investments**”).

According to the evaluation of two minority equity investments by Hainan Zhongrui Hengxin Assets Real Estate and Land Appraisal Co., Ltd. * (海南中瑞恒信資產房地產土地評估有限公司) taking December 31 2021 as the valuation base date, the net value of pledge of the two minority equity investments is 0. According to the 2020 Annual Report and 2021 Annual Report disclosed by the Company, the

carrying value of the two minority equity investments in the consolidated financial statements of the Group is 0.

Implication of the Listing Rules

As the largest shareholder holding 9.33% of the Company's shares, Beijing Haihongyuan has formed a connected person relationship with the Company. Such contracts and transactions constitute connected transactions of the Company.

According to rule 14A.24 (4) of the Listing Rules of the Stock Exchange of Hong Kong, this transaction of accepting financial assistance constitutes a connected transaction of the Group, as one or more applicable percentages defined in rule 14A.06 of the Listing Rules do not exceed 5% and the total consideration (the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is also less than HK\$10,000,000, rule 14A.76 of the Listing Rules applies “ the transaction is exempt from the circular (including independent financial advice) and shareholders’ approval requirements”. As the Group has provided equity pledge for the timely performance of the payment obligation of the pledged loan contract, the comprehensive exemption of Article 14A.90 of the Listing Rules does not apply.

Approval Procedures

The execution of these contracts were approved at the 34th meeting of the 9th Board of Directors held on 18 November 2022. The connected Director as defined by the Listing Rules, namely Mr. Shang Duoxu, abstained from voting at the Board meeting.

The Directors have confirmed that the terms of these contracts are fair and reasonable, and the transactions contemplated under these contracts are entered into on normal commercial terms and in the ordinary and usual course of business of the Company, reflecting the largest shareholder' support to the Company, and is in the interests of the Company and the shareholders as a whole.

I. Profile of the Connected Transaction

(I) Basic information on the connected transaction

In order to meet the production and operation needs of the Company and its subsidiaries (collectively referred to as “**the Group**”) and improve the ability of sustainable operation, Beijing Haihongyuan, the Company's connected person, intends to lend the Company a loan (principal) balance of no more than RMB2.4 million for production and operation needs, including but not limited to organizing production, purchasing raw materials and machinery and equipment, and repaying debts.

The loan interest rate is determined according to the benchmark loan interest rate of the People's Bank of China for the same period when the loan is actually paid, and it is not higher than the LPR loan market quotation rate published by the People's Bank of China. The loan term starts from the date of actual receipt of the loan and ends on December 31 2023. The principal and interest of the loan shall be paid off in a lump sum on the maturity date of the loan.

At the same time, as a credit enhancement measure, the Company's holding subsidiary Garden Lane Hotel pledged its 10.5% equity in Tianjin Center and 30% equity in Chongqing Hotel.

According to the evaluation of two minority equity investments by Hainan Zhongrui Hengxin Assets Real Estate and Land Appraisal Co., Ltd. * (海南中瑞恒信资产房地产土地评估有限公司) taking December 31 2021 as the valuation base date, the net value of pledge of the two minority equity investments is 0. According to the 2020 Annual Report and 2021 Annual Report disclosed by the Company, the carrying value of the two minority equity investments in the consolidated financial statements of the Group is 0.

Capitalizing on the location of leased venues and experienced management practices and expertise on the hotel industry, Garden Lane Hotel will strive to create a characteristic and boutique hotel to bring new vitality for the continuing operation of the listed Company and to further promote the transformation of the Company from traditional manufacturing to modern service industry.

(II) Connected relationship with the Company

As the largest shareholder holding 9.33% of the Company's shares, Beijing Haihongyuan has formed a connected person relationship with the Company. Such contracts and transactions constitute connected transactions of the Company.

(III) Consideration by the Board and approval procedures necessary for these contracts to take effect

On the 34th meeting of the 9th Board of Directors on 18 November 2022, the proposal was approved by non-connected Director Mr. Su Weiguo , Mr. Mi Hongjie and three independent non-executive Directors, Mr. Fang Guangrong, Mr. Wang Hongyu and Mr. Li Zhengning, while the connected Directors Mr. Shang Duoxu had abstained from voting at the Board meeting, according to relevant provisions of the China Securities Regulatory Commission, Hong Kong Stock Exchange and the Articles of Association of Northeast Electric Development Company Limited (the “**Articles of Association**”).

The independent Directors of the Company had reviewed the connected transaction in advance and issued independent opinions. The transaction does not constitute a major asset restructuring as defined in the Administrative Measures for the Material Asset restructuring of Listed Companies according to relevant laws, regulations and the Articles of Association. Therefore, it does not need to be approved by relevant authorities or submitted to the general meeting of the Company for consideration after the size tests.

(IV) Implication of the listing rules

According to rule 14A.24 (4) of the Listing Rules of the Stock Exchange of Hong Kong, this transaction of accepting financial assistance constitutes a connected transaction of the Group, as one or more applicable percentages defined in rule 14A.06 of the Listing Rules do not exceed 5% and the total consideration (the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is also less than HK\$10,000,000, rule 14A.76 of the Listing Rules applies “ the transaction is exempt from the circular (including independent financial advice) and shareholders’ approval requirements”. As the Group has provided equity pledge for the timely performance of the payment obligation of the pledged

loan contract, the comprehensive exemption of Article 14A.90 of the Listing Rules does not apply.

II. Basic Information on the Connected Parties

(I) Beijing Haihongyuan Investment Management Co., Ltd.* (北京海鸿源投资管理有限公司)

Company type: limited liability Company

(sole proprietorship of legal person)

Unified Social Credit Code: 911101175996346317

Registered address: 1934, Floor 16, Building 1, Yard 62, Balizhuang Road,
Haidian District, Beijing

Legal representative: Wang Qiong

Registered capital: RMB 3,520 million

De facto controller: None

(II) Other information

According to the verification through the Credit China website (<http://www.creditchina.gov.cn/>), as of the date of this announcement, Beijing Haihongyuan was not included in the list of untrustworthy person subject to enforcement.

See the Annual Report 2021 and Interim Report 2022 disclosed by the Company for the financial data of the Group in the latest year and period.

III. Basic Information of the Target Company of Equity Pledge

(I) HNA Tianjin Center Development Co., Ltd.* (海航天津中心發展有限公司)

Company type: limited liability Company (sino-foreign cooperation)

Unified Social Credit Code: 91120101780336460D

Registered address: Beiyang Building at the intersection of Nanjing Road
and Guiyang Road, Heping District, Tianjin

Legal representative: Cao Yong

Registered capital: RMB269.887709 million

(II) Chongqing HNA Hotel Investment Company Limited*

(重慶海航酒店投資有限公司)

Company Type: Limited Liability Company

Unified Social Credit Code: 91500103663574478F

Registered address: Unit A1, 46th Floor, No. 235-1, Minsheng Road,
Yuzhong District, Chongqing

Legal representative: Huang Yong

Registered capital: RMB50 million

IV. Pricing Policy and Basis of the Connected Transaction

Through equal negotiation, the interest rate of this loan is determined according to the benchmark loan interest rate of the People's Bank of China for the same period when the loan is actually paid, which is not higher than the market quotation rate of LPR loan published by the People's Bank of China, and the interest is calculated according to the actual number of days of fund use.

The price of the connected transaction is determined according to the market situation, and the pricing is fair and reasonable. In accordance with the principle of market-oriented transaction, equity pledge is provided for the loan as a credit enhancement measure to fulfill the repayment responsibility on schedule, and there is no damage to the Company's interests.

The Directors have confirmed that the terms of these contracts are fair and reasonable, and the transactions contemplated under these contracts are entered into on normal commercial terms and in the ordinary and usual course of business of the Company, reflecting the largest shareholder' support to the Company, and is in the interests of the Company and the shareholders as a whole.

V. Main Contents of the Loan Contract

Party A (Borrower): Northeast Electric Development Co., Ltd.

Party B (Lender): Beijing Haihongyuan Investment Management Co., Ltd.

(I) Loan amount

According to the actual needs of Party A, the balance of the loan (principal) lent by Party B or its designated affiliates to Party A shall not exceed RMB2.4 million. The loan can be executed in batches according to Party A's needs. The loan is intended to be pledged with 10.5% equity of Tianjin Center and 30% equity of Chongqing Hotel held by Garden Lane Hotel, a subsidiary of Party A.

(II) Usage of loan

Party A's production and operation needs, including but not limited to organizing production, purchasing raw materials and machinery and equipment, and repaying debts.

(III) Loan interest

1. The loan interest rate shall be determined according to the benchmark loan interest rate of the People's Bank of China for the same period when the loan is actually paid to Party A, and shall not be higher than the LPR loan market quotation rate published by the People's Bank of China;
2. The interest shall be calculated from the time when the loan is actually paid to Party A until the date when the principal is actually paid off;
3. The method of interest payment is to pay off the principal along with the interest. Party A shall pay off the principal and interest of the loan in a lump sum on the maturity date of the loan.

(IV) Loan term

From the date when Party A actually receives the loan to December 31 2023.

(V) Repayment term and method

1. Party A shall repay all the principal to Party B at one time on the expiration date of the loan term.
2. Both parties agree that Party A may repay all or part of the principal in advance within the loan term.

VI. Main Contents of the Equity Pledge Contract

Pledgee (Party A): Beijing Haihongyuan Investment Management Co., Ltd.

Pledgor (Party B): Hainan Garden Lane Flight Hotel Management Co., Ltd.

(I) Parties concerned

1. Party B holds 28.3382 million shares of the Target Company I, accounting for 10.5% of the total share capital.
2. Party B holds 15 million shares of the Target Company II, accounting for 30% of the total share capital.
3. The Target Company I has been approved to register with the Administration for Industry and Commerce according to law, with a registered capital of RMB269.987709 million and a total share capital of 269.987709 million shares.
4. The Target Company II has been approved to register with the Administration for Industry and Commerce according to law, with a registered capital of RMB50 million and a total share capital of 50 million shares.

(II) Pledge content

Party B legally owns 10.5% of the equity of Target Company I and 30% of the equity of Target Company II. Party B intends to pledge the above two equity to Party A as the repayment guarantee of its parent Company Northeast Electric to Party A under the loan contract.

(III) Pledge registration

Party A and Party B agree to go through pledge registration at the equity registration authority of the target Company or pledge in the way agreed by both parties after this agreement takes effect.

VII. Reasons and Benefits of the Connected Transaction

The Group receives financial support from Beijing Haihongyuan, a connected person, in order to promote the Group's business development and supplement working capital, which will have a positive impact on production and operation, and is in line with the interests of the Company and all shareholders.

VIII. Accumulated Connected Transactions with the Connected Person

From the beginning of 2022 to the disclosure date of this announcement, except for this transaction, the Group has borrowed RMB1,134,406.59 from Beijing Haihongyuan accumulatively.

IX. Independent Opinions of Independent Directors

1. The financial assistance provided by Beijing Haihongyuan, a major shareholder, aims to support the operation and development of the Group, which is in line with the interests of all shareholders and the development needs of the Group;
2. The loan interest rate of the financial assistance did not exceed the market quotation rate of LPR loan published by the People's Bank of China, followed the general commercial terms, and provided equity pledge for the loan in accordance with the principle of market-oriented transaction. As a credit enhancement measure to fulfill the repayment responsibility on schedule, there was no situation that damaged the interests of the Company and small and medium-sized shareholders, and the independence of the Company would not be affected;

3. This connected person transaction has been deliberated at the 34th meeting of the 9th Board of Directors of the Company, and the related directors have avoided voting. The deliberation procedure is legal and effective, and complies with relevant laws, regulations and the Articles of Association.

Based on independent judgment, we agree to this transaction.

By order of the Board
Shang Duoxu
Chairman

Haikou, Hainan Province, the PRC
18 November 2022

As at the date of this Announcement, the Board comprises of three executive Directors, namely Mr. Shang Duoxu, Mr. Su Weiguo and Mr. Mi Hongjie; and three independent non-executive Directors, namely Mr. Fang Guangrong, Mr. Wang Hongyu and Mr. Li Zhengning.

** for identification purpose only*